

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	440015385E
IEM	TUV Rheinland Hong Kong Ltd.
Date(s) in facility	August 29-30, 2006
PC(s)	Hennes & Mauritz AB
Number of workers	~700
Product(s)	Handbags
Production processes	Cutting, sorting of materials, gluing, painting, metal processing, sewing, packaging and inspection

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings	If not corroborated, explain why	Source/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	Remediation	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	[Status]	Updates (Cite Date of Follow up)	Third-Party Verification	Company Verification Follow up	
1. Code Awareness																			
Code posting/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	COC was not posted.				H&M COC was not found in production areas or dormitory.			Generally we do not require our Code of Conduct to be posted in the factory. In the case a factory produces for different buyers it might be confusing for the workers. Instead we encourage the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, for example through a handbook for the workers or on the notice board.	On-going								
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Workers did not know the COC.				Interview with Administration manager, there is no COC training to workers.			Please view above.	On-going								
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	Workers did not know how to report their feedback to FLA affiliated company.				Workers' interview	No systematically structured grievance system has been established in the factory.		In our dialogue with the factory H&M primarily encourage the factory to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	On-going	1) Install a complaint box in the dormitory area. 2) Establish grievance procedure and follow-up. 3) Additionally, workers could set appointment directly with the management.	11/16/2008	1) Complaint box installed in the dormitory area. 2) Box opened by Mr. Zhou (factory owner) who's responsible for handling the complaints. 3) Complaints are registered and feedback posted and record kept.	On-going				
2. Forced Labor																			
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or																			
Recruitment Contracts		There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement, allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or, in any way punish workers to terminating employment. It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, punctuality, good quality, etc.			(Worker interviewed) said they joined the company in June 2008 said they didn't sign the labour contract.		Workers' interview			We require the factory to sign labour contracts with their workers no later than 30 days after taking up employment in the factory. We will educate the factory in building a system for how and when to sign labour contracts with their workers.									
3. Child Labor																			
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than																			
Age Verification		In those cases where proof of age documentation is not readily available, employers will take precautions to ensure that all workers are at least the minimum working age, including medical or religious records, or other means considered reliable in the local context.		There was no procedure for age verification.			Interview with manager			In order to ensure that all workers are above legal limit at the time of hiring we work together with the factory to ensure that they have a solid recruitment system functioning in the factory. At next audit, we will follow up on the factory remediation plan.		1) Factory has zero tolerance against employing workers without ID card. 2) [The Admin responsible] has been trained by local authorities on how to detect fake ID cards. 3) ID card information is verified through questions posed to the applicant. Note: According to [the Admin responsible], circa one out of 30 applicants display fake ID cards.							
4. Harassment or Abuse																			
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																			
Other				There was no harassment procedure.			Management interview			We encourage the factory to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers. These should include all disciplinary procedures, including procedures for hiring and termination in place in the factory along with anti-discrimination and harassment policies. We do not accept monetary penalties but do instead encourage the factory to work with incentive based systems. Records of disciplinary actions should be kept in the factory for review. We have initiated a dialogue with the factory regarding this and it will be systematically checked during coming audits and follow up at the factory to ensure that the penalty system is abolished.	End September								

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings					Remediation		Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	(Status) Completed, Pending, On-going	Updates (Cite Date of Follow up)		Third-Party Verification Documentation (Date)	Company Verification Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation	
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)						PC Remediation plan					
5. Non-discrimination																				
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																				
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.		There was no discrimination procedure.			Management interview		Please view above											
Sex discrimination		There shall be no differences in compensation and benefits attributable to gender.	Gender preference was found in the recruitment advertisement.				Job advertisement		1) The factory should formulate a clear policy on discrimination. 2) The current advertisement should be changed to exclude the phrase "women preferred" or similar discriminatory statements.	End September	Since October, the number of male workers have increased from 80 to circa 300.	11/16/2006	Completed							
6. Health and Safety																				
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																				
Fire Safety Health and Safety legal compliance		Employer will comply with applicable health and safety laws and regulations. In any case where laws and codes of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	Construction safety proof of the bridge connecting the production building and office building was not available.				Reviewing factory records		H&M requires the factory to maintain safety in the workpremises according to local law and our Code of Conduct. All locally required permit should be obtained by the factory. The workers should be able to easily evacuate the premises in case of emergency and the building is to be considered as safe. The factory premises should be equipped with enough and well maintained fire extinguishers. The workers should at regular intervals receive training on how to use the fire extinguishers.	After CNY										
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	MSDS of some chemicals, e.g. lubricant, cleaning agent, were not found in the point of used.				Visual inspection		The factory should: 1) Ensure that chemical suppliers provide MSDS for chemicals purchased. 2) Post MSDS at the point of use and in the chemical storage room. 3) Include the MSDS in chemical handling training.	11/1/2006		11/16/2006	MSDS still not provided for all chemicals.	Pending						
PPE		Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Workers doing adhesion work in metal workshop used plastic tape to wrap fingers instead of using finger glove.				Visual inspection	Workers were not wearing proper PPE while handling chemicals.	Factory should provide rubber finger gloves to the workers doing adhesion job. This issue should also be covered in chemical handling training.	September 2006.		11/16/2006	Visual inspection.	Completed						
Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Chemical training said to be arranged in second half year.				Management interview	Workers who handle chemicals have not been trained in safe chemical handling.	1) Training should be given continuously both to the supervisors and the workers (existing and new workers). 2) Training should be documented. 2) [The Admin responsible] trained the supervisors and supervisors trained the workers. 3) A training session of circa 20-30 minutes was given to new comers. 4) No training record has been kept.	8/30/2006	1) [The Admin responsible] has attended a chemical training programme provided by H&M together with a consultancy in 2004 and a training course provided by the government. 2) [The Admin responsible] trained the supervisors and supervisors trained the workers. 3) A training session of circa 20-30 minutes was given to new comers. 4) No training record has been kept.	11/16/2006	On-going							
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	The canteen was subcontracted out and the hygiene certificate was not available. Also not all kitchen workers have physical check-up records.	A lot of flies were found in the food preparation area.			Visual inspection and review factory records.		The factory should: 1) Apply for hygiene certificate for the canteen. 2) Keep the copies of the physical check-up documents for the kitchen staff.	12/1/2006	The canteen staff kept their respective physical check-up certificates by themselves. Thus, they were not available to show during the audit.	11/16/2006	Pending							
Sanitation in Dining Area		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	Water quality test was not done.				Interview with manager		The factory should provide a water quality certificate.		Factory has installed a water filter.	11/16/2006	Tap water quality certificate provided.	Completed						
Other			Monitoring of air quality at gluing workshop was not done.				Reviewing factory records.		Factory should arrange for air quality test.	10/10/2006										
			Return receipt of empty chemicals containers to supplier was not kept.				Reviewing factory records.	Hazardous waste such as unused tube light and chemical containers are disposed together with ordinary waste.	Factory should: 1) Investigate the possibility of disposing hazardous waste appropriately. 2) Keep a record of the process. 3) Keep hazardous waste separate from ordinary waste.	8/15/2006		11/16/2006	1) Chemical resists were collected by the chemical supplier. 2) No record of chemical resists disposing has been made. 3) Tube lights still mixed with other waste and not disposed of in a appropriate manner.	Pending						
			Diesel tank was located at open area.				Visual inspection		The factory should construct a shelter around the diesel tank.		The factory have stopped using the outdoor diesel tank. The factory now uses two smaller tanks stored indoors (Jan 2007).		Completed							
			Water from kitchen and air from power generator were not treated before discharge.				Visual inspection		We suggest the factory to appoint one person to be responsible to ensure that the factory knows of and follows all all relevant local environmental and health and safety legislation.											
			Physical check-up for workers handling toxic chemicals do not include blood test and examination of respiratory system.	Only 445/775 workers have physical check-up records.			Reviewing factory records and management interview		The factory should provide appropriate physical check-up for workers handling toxic chemicals.	10/1/2006			On-going							

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	Remediation PC Remediation plan	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	(Status) Completed, Pending, On-going	Updates (Cite Date of Follow up)	Company Follow up	Documentation	Third-Party Verification External Verification (Date)	Documentation	Company Verification Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
7. Freedom of Association and Collective Bargaining																						
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																						
Freedom of Association: FLA Comment		FLA Comment: The Chinese constitution guarantees Freedom of Association, however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (AFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.																				
		The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.																				
8. Wages and Benefits																						
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																						
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.			Piece rate workers said when they temporarily transferred to other positions, their salary was based on hourly rate. But the hourly rate was RMB 3.0 (minimum hourly rate should be RMB 3.43).		Workers' interview			All workers should be guaranteed legal wages. We require the factory to provide true documentation on salaries and working hours. We need to initiate a dialogue with the factory on openness and communication regarding the true salaries in the factory. This issue will be followed up during the coming internal audit.												
Payment of Legal Benefits		Legally mandated benefits will be provided or paid in full within legally defined time periods.		About 10% (67/700) employees covered by social security insurance (retirement insurance, unemployment insurance and medical insurance). The injury insurance covered 620 workers. Insurance payment receipt before July was not available as the responsible person was on leave.			Reviewing factory records and management interview			We require the factory to ensure that all workers are covered by relevant social insurance depending on local regulation.		The percentage of workers covered by social security is approved by local labour authority.										
Legal Compliance for holiday/leave		Workers will be paid for holidays and leave as required by law.		Paid sick leave should not limited to two days.			Reviewing factory records.		Sick leave was not granted according to law. Sick leave was not compensated for according to law.	1) Factory should modify the internal regulation on sick leave. The regulation should not have limitation on the length of the sick leave. 2) Workers and supervisors should be informed about the regulation.	End of July, 2006.		11/16/2008	Sick leave application kept and compensation showed on payrolls. There is no limit on the length of sick leave, but workers will need to fill-in applications and provide hospital certification. Information is posted on noticeboard. Supervisors are verbally informed about the regulation.	On-going							
Accurate recording of wage compensation		All hourly wages, piecework, bonuses and other incentives will be calculated and recorded accurately.			Workers said: (1) If monthly piece-rate >RMB 300, production bonus equal to the 15% of the total piece-rate will be paid; (2) attendance bonus, RMB 30 will be paid when workers did not take leave in that month. Production bonus and attendance bonus were not found in the pay slip.		Workers' interview			All workers should be guaranteed legal wages. We require the factory to provide accurate documentation on salaries and working hours. We will initiate a dialogue with the factory on openness and communication regarding the true salaries in the factory. This issue will be followed up during the coming audit.												
Accurate benefit compensation		All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled.		Service year of those workers agreed to move from Shenzhen Jinlida Handbags Co. Ltd. to Dongguan Mingda Handbags Co. Ltd. was not compensated either clear before move or count continual.			Interview with management			The factory should add the service year(s) in (name) for those workers who moved to Main Tat.					Pending							
Other				The factory was moved from Shenzhen to Dongguan in March 2006. Some workers were not willing to work in the new factory. Records related to the layoff arrangement and relevant compensation documents were not available.			Interview with management			All workers should be guaranteed legal wages and legal compensation for redundancy. We will discuss with the management how they could improve this point for the future.												
				Starting from July 2006, the canteen was subcontracted out. Some of the canteen workers were transferred to production department. Factory will then layoff those not willing to transfer. Records related to the layoff arrangement were not available.			Interview with management			All workers should be guaranteed legal wages and legal compensation for redundancy. We will discuss with the management how they could improve this point for the future.												

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation		Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	[Status] Completed, Pending, On-going	Updates (Cite Date of Follow up)		Third-Party Verification		Company Verification Follow up	
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan						Company Follow up	Documentation	External Verification (Date)	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation
9. Hours of Work																					
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																					
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	From May to July, general overtime working hours exceed 50 hour/month, the maximum was 100 hour/month. Factory did not apply for Comprehensive Working Hour Permit. In July 2006, some workers in B1 workshop worked consecutively 30 days without rest.				Review factory records.		Overtime working hours exceeded the legal limits during peak season and workers didn't get at least one day off every week.	The factory should adopt a long-term strategy to sustainably lower overtime hours. The ultimate goal should be for overtime to fall below maximum legal limits. Additionally, production capacity offered to buyers should be calculated solely on ordinary working hours.	Continuous		11/16/2006	No significant improvement.	Pending						
10. Overtime Compensation																					
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, a rate at least equal to their regular hourly compensation rate.																					
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation.			Piece-rate workers said when they worked on Saturday, there is no overtime premium.		Workers' interview			All workers should be guaranteed legal wages, including overtime compensation at legal rates. We require the factory to provide accurate documentation on salaries and working hours. We will initiate a dialogue with the factory on openness and communication regarding the true salaries in the factory, this issue will be followed up during the coming audit.											
OT Compensation for Piece		Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law.			If workers need to work overtime, the overtime premium of different workshops was different. This is range from RMB 0.5/hr to RMB 2.0/ hr.		Workers' interview			All workers should be guaranteed legal wages, including overtime compensation at legal rates. We require the factory to provide accurate documentation on salaries and working hours. We will initiate a dialogue with the factory on openness and communication regarding the true salaries in the factory, this issue will be followed up during the coming audit.											
Miscellaneous																					
Other			There is an agreement between factory and the package factory which temporary provide workers to factory. The hourly rate and management fee of the borrowed workers were stated, that is RMB 4.2 per hour and RMB 4.0 per day. Working on rest day will not have overtime premium.				Agreement documents			The factory should amend the agreement to include correct overtime premium.	11/16/2007	The agreement refers to a one-time occasion, but if a similar situation would occur in the future, the amended agreement will be used as a template.	Completed								